



MAKHADO MUNICIPALITY FINAL ANNUAL BUDGET 2017/18- 2019/20

MTREF-2017-2020

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PART 1 – ANNUAL BUDGET

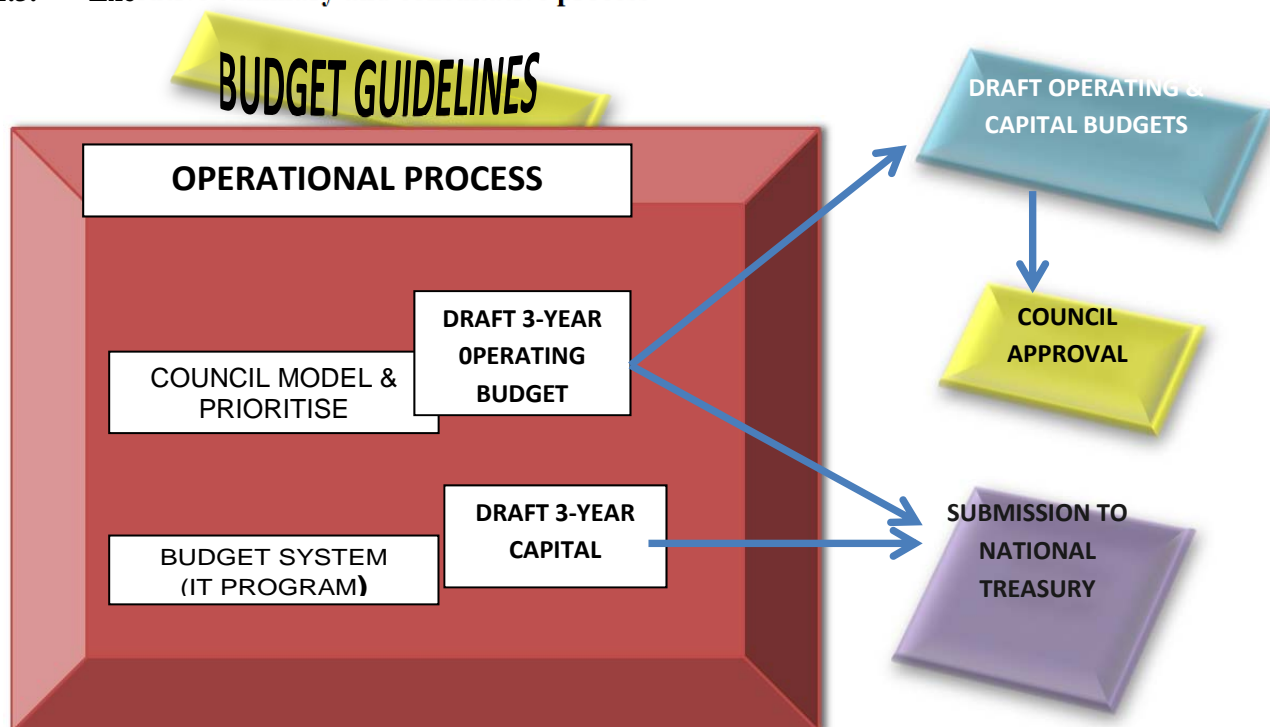
1.1. Mayor's Report

The mayor's report will be furnished after the Budget Speech.

1.2. Recommendations (administrative management)

- 1.2.1 THAT the final Capital and Operational Estimates for the 2017/2018 financial year as more fully recorded in Annexure A and B attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the draft Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003 (hereinafter referred as MFMA) and the Regulations promulgated thereof.
- 1.2.2 THAT it be noted that 2017/2018 budget related policies as approved in the final annual budget on 31 May 2016 remain unchanged after public notification and consultation processes aligned to the IDP.
- 1.2.3 THAT Council approve in principle the tariffs for municipal services with reference to Annexure C attached.
- 1.2.4 THAT it be noted that the final 2017/2018 Estimates after the approval by the Council in terms of section 22 of the MFMA will be submitted to the National Treasury and Provincial Treasury, accompanied by quality certificate approved by the Accounting Officer and to the public for comment.
- 1.2.5 THAT 2017/2018 budget related policies be approved as more fully set out in Annexure D attached to the report in this regard.

1.3. Executive summary and consultative process



1.3.1. Alignment with national, provincial and district priorities

The National, provincial and district priorities will be gathered during consultative process and be integrated in the IDP of both Makhado Local Municipality and Vhembe District Municipality.

1.3.2. Alignment with National and Provincial Government

Information-sharing will take place between the municipality, provincial and national governments in order to ensure integration

1.3.3. Proposed tariff increments

Proposed tariff increase on other services are as follows:

SERVICE	2017/2018	2018/2019	2019/2020
Electricity	1.88%	1.88%	1.88%
Property rates	6.40%	5.70%	5.60%
Other services	6.40%	5.70%	5.60%
Sundry tariffs	6.40%	5.70%	5.60%

1.3.4. Situational Analysis

1.3.4.1. Demography

According to community survey 2016 conducted by Statistics south Africa the estimated total population of Makhado Local Municipality has decreased from 516 031 to 416 728 with about 225 059 registered voters.

Makhado Local Municipality comprises of 4 formal towns, which are: Makhado, Vleifontein, Waterval and Dzanani. The Makhado Local Municipality further has decreased in villages from 279 from 200 villages.

The main administrative office is situated in Makhado town with three supporting regional administrative offices which are situated in the following areas: Dzanani, Vuwani and Waterval.

Makhado Local Municipality has 38 ward councillors and 37 proportional councillors. There are 14 traditional leaders who are ex-officio members of the municipal council and 10 councillors who are members of the executive committee. The Municipality also has 38 established and fully functional ward committees.

Political Office Bearers and Municipal Manager	
Mayor	Cllr Sinyosi S M
Speaker	Cllr Mogale LB
Chief Whip	Cllr MBOYI M D
Municipal Manager	Mr Mutshinyali IP

1.4. Budget overview

The budget has been compiled on a three year basis, which is a requirement of National Treasury, Accounting Practices (GRAP) and MFMA. The budget process of compiling a three-year budget commenced in August 2011.

The Makhado Local Municipality was confronted with various challenges during the compilation of the budget and reviewing of the IDP such as the formulation of measurable objectives for the different functions, the financial implications of the organisational structure, capital costs, input costs to deliver services and increasing maintenance costs.

According to National Treasury MFMA Circular No. 28 of 2005, it is submitted that the draft budget documentation must be tabled to council not later than 31st March (i.e. 90 days before the start of the budget year) and final budget to be adopted on or before the 31st of May.

- The projected overall spending envelope for the 2017/2018 MTREF amounts to R 841,501,000.00 whereas, the operating revenue for the 2017/2018 MTREF amounts to R 803 254 000.00 and R 163 758 000.00 in the capital budget
- The total estimated operational revenue for 2017/2018 from own source is **R 503 145 000.00** The total estimated operational revenue for 2017/2018 from National and Provincial as grants and subsidies is **R 300 109 000.00** The estimated per cent Revenue is 6.40 % above the current adjusted budget. On the other hand the proposed estimated expenditure for 2017/2018 annual budget is an average of 6% higher than the current adjusted expenditure.

Table 1: Operational Expenditure 2017/2018 to 2019/2020

	2017/2018 Final budget	2018/2019 Forecasted Budget	2019/2020 Forecasted Budget
Revenue	803 254 000.00	834 878 000.00	870 994 000.00
Transfers	116 196 000.00	121 510 000.00	147 147 000.00
Capital			
Expenditure	841 501 000.00	923 337 000.00	970 932 000.00
Resulting surplus	77 949 000.00	33 050 000.00	47 209 000.00

- The 2017/2018 MTREF has been prepared within the context of reducing expenditure due to the municipality's weighty cash constraints and taking into consideration the implications of the increasing global costs thus to ensure that the financial sustainability of the council is sustained.
- A strategic write off undertaken in 2017/18, should also have a positive effect on increased collection rates and also the implementation of new valuation roll should result in the revenue base increasing.
- MFMA Circular No. 86 of the National Treasury provides some guidelines as to how municipalities may respond to the economic crisis in their budget preparations. The municipal revenue and cash flows are expected to remain under severe pressure in 2017/18 and thus a conservative approach will be adopted when projecting the revenues.
- Given the constraints on the revenue side, the municipality will expedite spending on capital projects that are funded by conditional grants but maintaining fiscal sustainability the commitment to deliver quality services.

Maintaining all assets at a level adequate to protect the capital investment and minimize future maintenance and replacement costs.

- The municipality targeted at achieving a clean audit report in 2016/17, reflecting the drive towards financial management excellence in the region and increasing spending on conditional grants
- The IDP review was prepared in alignment with budget and performance management plan objectives of the municipality, resulting in the development and approval of the Service Delivery and Budget Implementation Plan (SDBIP).

1.5. Overview of the alignment of annual budget with integrated development plan 2017-2018 and public consultation process:

- A three (3) year capital budget has been prepared and built on the IDP document to be tabled in Council in March 2017.
- This budget compiled in line with the Municipal Budgeting and Reporting Regulation (MBRR) notice no. 31804 of 2009 which provides the comparative financial information over a systematic number of years.
- The extent of the indigent support granted by Council to indigent households within the Municipal area will be determined based on budgetary allocation for a particular financial year and the tariff charges.
- The key focal point of the municipality is ensuring that its budget complies with the following three criteria:
 - ✓ **Sustainability** - to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.
 - ✓ **Credibility** - to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.
 - ✓ **Governance** - that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- ✓ Economic Development
- ✓ LED support and implementation
- ✓ Integrated Land Use Management System
- ✓ Implementation and monitoring of Performance Management System (PMS)
- ✓ Environmental Management
- ✓ Optimize tourism potential
- ✓ Rural Development
- ✓ Poverty alleviation, particularly in rural areas

- ✓ Service backlogs (water, sanitation, electricity, roads, storm water, solid waste, cleansing) needs to be addressed
- ✓ Upgrading, maintenance of roads and storm water, electricity, water, sewer and purification networks
- ✓ Improve access and linkages between towns, informal and rural settlements
- ✓ Public transportation should be improved. Bus and taxi ranks must be upgraded and the railway line should be better utilized. Improve solid waste management
- ✓ Broaden Revenue Base
- ✓ Implementation of the HIV/AIDS plan
- ✓ Crime prevention (Safety and Security)
- ✓ Construction of new and upgrading of existing educational facilities on all levels
- ✓ Development, however the lack of timely suitable engineering services have limited development at this point in time, however the municipality has embarked on the formulation of a development Strategic plan for accelerating infrastructure including development of a landfill site

Water supply

Vhembe District Municipality is the water service authority for Makhado Local Municipality. A service level agreement signed with Vhembe District and Makhado Local Municipality has the status of a water services provider. In some areas within the Makhado Local Municipality such as Air Force Base, boreholes are drying up and water consumption level is extremely high. The Air Force Base acquires water from the underground reserves thus this may result in a severe burden on the water source.

Most rural communities do not have access to water at household level. The provision of water is limited and the supply does not meet the required minimum RDP standards for water provision.

To ensure sustainable governance practices within the Municipality, the following should be adhered to:

- Corporate governance practices (legal compliance)
- Business leadership / management (planning, structuring, culture, performance management, stakeholder relations management, communication)
- Resource management (people management, financial management, ICT management, asset management)

1.6. Overview budget related policies

The municipality has various policies which relate to budgeting and financial management in the municipality. These Financial policies comply with the MFMA and its promulgated regulations. The following budget related policies have been amended:

- Budget Policy – 2017/2018
- Credit Control and Debt Collection
- Subsidy Scheme on Indigents Policy
- Investment of Funds and Principles Policy
- Asset Management Policy
- Tariff and Free Basic Services Policy
- Principles on the Writing -off of Irrecoverable Debt Policy
- Budget Virement Policy Supply Chain Management Policy
- Borrowing Policy
- Funding and reserves policy
- Expenditure Management Policy
- Revenue Management Policy Revenue Property Rates policy
- Supply chain policy

By-laws

- Property Rates By-law

1.7. Overview of budget funding

The operating expenditure budget for 2017/2018 amounts to **R 841 501 000.00** as compared to the previous revised budget of **R 917 706 000.00** in the 2016/2017 financial year. The provision of free basic water and sanitation from Makhado Local Municipal and water infrastructure grant is allocated to Vhembe District Municipality.

1.7.1. Income

The operating income for 2017/18 is budgeted at **R 803 254 000.00** which leaves a marginal operating surplus of **R 77 949 000.00** but includes non-cash items such as depreciation and impairment of bad debts amounting to **R 105 872 000.00**

Provision has been made to supply all households serviced by the Council with 6Kl of water free of charge. To partially cover the expenditure of the operating budget all tariffs of the Council will be investigated and where need be they will be adjusted in line with the MFMA Circular no.86

R thousands	Adjusted Budget 2016/17	Budget Year 2017/18	Variance
Property rates	45 400 000.00	55 915 328.00	(2 923 328)

Service charges	314 562 000.00	327 450 000.00	(12 888 000.00)
Investment revenue	4 035 000.00	5 331 000.00	(1 296 000.00)
Transfers recognized - operational	305 850 000.00	300 109 000.0	5 741 000.00
Other own revenue	57 110 000.00	114 447 000.00	(57 337 000.00)
Total Revenue (excluding capital transfers and contributions)	726 957 000.00	841 501 000.00	(114 544 000.00)

1.7.2. Expenditure

The incremental expenditure does not increase in the same proportion as tariffs and service charges such as electricity and property rates hence they have various costing basis. Furthermore, projected electricity increases in tariffs will be capped by the Provisional NERSA indication, however, currently at 1.88% increase.

Funding of the operating budget is mainly from the Equitable share allocation, MIG operating subsidy grant and partial own income.

The municipality is currently reviewing the budget related processes to support the implementation of the Service Delivery and Budget Implementation Plan.

Salaries increased from R 273 055 000.00 for the 2016/2017 financial year's revised budget to an amount of R 282 794 000.00 for the 2017/2018 financial year (excluding councilors), For councilors the expenditure budgeted expenditure increased from **R 25 947 000.00 to R 27 958 000.00** which is due to the fact that some critical vacancies will be filled in order to sustain service delivery and sustainable financial reporting. The total salary package of the Council amounts to 2.00 % of the total expenditure.

R thousands	Adjusted Budget 2016/2017	Budget Year 2017/18	Variance in cost increase /decrease
Employee costs	273 055 000.00	282 794 000.00	9 739 000.00
Remuneration of councilors	25 947 000.00	27 958 000.00	2 011 000.00
Depreciation & asset impairment	178 678 000.00	105 872 000.00	(72 806 000.00)
Finance charges	13 365 000.00	12 720 000.00	(645 000.00)
Materials and bulk purchases	243 842 000.00	212 748 000.00	(31 094 000.00)
Other expenditure	182 819 000.00	199 409 000.00	16 590 000.00
Total Expenditure	917 706 000.00	841 501 000.00	(76 205 000.00)

Proposed tariff increase on other services are as follows:

SERVICES	2017/18	2018/2019	2019/2020
Electricity	1.88%	1.88%	1.88%
Property rates	6.40 %	5.70%	5.60%
Other services	6.40%	5.70%	5.60%
Sundry tariffs	6.40%	5.70%	5.60%

1.7.3. General expenses

General expense has been provided for at R 140 076 000.00 in 2017/2018 financial year operational estimates.

Repairs and maintenance has been provided at a cost of R 61 332 000.00 which is below the 8% norm against property plant and equipment

Operational contracts having future budgetary implications

- Extension of municipal offices
- Rental under fleet management - petrol cards and tracker systems and 3rd party road assistance to be introduced
- IT infrastructure upgrading and related policy overhaul in progress
- Phase in Data cleansing for revenue systems
- Infrastructure assets management consulting as required by accounting standards.
- Extensive Electricity Tariff restructuring consulting costs as recommended by NERSA and Eskom

1.8. Overview of budget assumptions

Introduction

This section of the budget report provide comprehensive summary of all the assumption used in the budget proposal. Budgets are prepared in an environment of uncertainty and assumptions need to be made about both internal and external factors that could impact on the budget during the course of the financial year. It should be noted that, the longer the period, the more uncertainly and vice versa, the two outer period as presented on the budget are more likely to be missed than the 2017/2018 estimates.

National Treasury estimate inflation rate of 6.4% in 2018 respectively. Inflation rate is expected to come within the targeted range of 5.65 % in 2019 - 2020

Prices increases on various items on the budget were assumed as follows:

- Price movements on **bulk purchases**: Based on the application response awaiting from NERSA for the proposed electricity tariff increase of 8.00% also in line with the National Treasury guidance
- **Employee costs** were increased by 7.36% which is also guided by national Treasury general employee costs increase
- **Overtime and leave payment**: it was assumed that leave will be paid only on termination due to resignation or death. It was assumed that the municipality will not purchase any leave in cash during the year.
- **Depreciation & debt impairment Expenses**: Depreciation expense reduced provisionally however during adjustment after the assessment has being done it will be increased to avoid unauthorized expenditure.
- **Interest on borrowing**: Currently prime lending rate is 10.50% and based on the inflation rate above, stable interest rate is expected during the budget period under review.
- **Collection rate**: collection rate of 89% was assumed during 2017/18 budget period. This was based on the current collection rate, and the fact that the focus economic growth suggests no major improvement in collection levels.

PART 2 – ANNUAL BUDGET TABLES

2.1. Capital budget

The capital required for 2017/2018 amounts to **R 163 758 775.00** of which **R 49 367 000.00** should be funded out internally generated income.

Many of the capital projects required by the Managers were reduced due to a lack of funds and the increasing maintenance costs and fund availability in the light of the municipality's financial constraints.

The composition of the Capital Budget is made up as follows:

FUNDING SOURCE	2017/2018	2018/2019	2019/2020
INCOME	49 367 000.00	86 790 000.00	60 022 000.00
MIG	88 889 775.00	94 579 800.00	99 809 000.00
INEP	25 000 000.00	25 000 000.00	45 000 000.00
TOTAL	163 757 775.00	206 369 000.00	204 831 000.00

The growth in the expenditure budget is mainly attributed to:

- Increased spending to addressing maintenance backlogs in infrastructure
- Increased spending on employee related costs

- Increased spending attributable to bulk purchasing costs for electricity and increased servicing cost relating to borrowing.
- On-going issues requiring monitoring and evaluation, consequently, they should carefully be monitored and evaluated:
- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions
- Maintenance of current collection rates
- Effectiveness of debt collection

2.1.1. Summary of electrification projects

Allocations on grants made by the municipality

Section 17 (3) (j) of the MFMA requires municipality to disclose in its budget documentation the amounts of *particulars of any proposed allocations or grants by the municipality to—*

- (i) *other municipalities;*
- (ii) *any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;*
- (iii) *any other organs of state;*
- (iv) *any organisations or bodies referred to in section 67 (1);*

The Council allocates grants-in-aid, discretionary grants, and grants by councilors (included in the operating budget) on an annual basis to needy organizations, based on business plans indicating the proposed usage of such funds.

On funding of the budget, **Section 18(1)** of the MFMA states that

An annual budget may only be funded from -

- (a) *realistically anticipated revenues to be collected;*
- (b) *cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and*
- (c) *borrowed funds, but only for the capital budget referred to in section 17 (2).*

2.1.1. Funding source for the Capital Budget:

Confirmed to date Capital Budget is funded largely from government grants, mainly from MIG and INEP which amounts to R 88 889 775 .00 and R 25 000 000.00 respectively in 2017/18. The own funded projects is proposed to be funded from own funding to the value of R 49 367 000.00

The following is the summary of grants allocations as per provisional DORA gazette

MAKHADO MUNICIPALITY DORA ALLOCATION	FINANCIAL YEARS		
	2017/2018	2018/2019	2019/2020

MAKHADO MUNICIPALITY DORA ALLOCATION	FINANCIAL YEARS		
	2017/2018	2018/2019	2019/2020
Local Government Financial Management Grant	1 700 000.00	1 700 000.00	1 700 000.00
Municipal System Improvement Grant		761 000.00	
Municipal Infrastructure Grant	91 196 000.00	96 510 000.00	102 147 000.00
Integrated National Electrification Programme Grant	25 000 000.00	25 000 000.00	45 000 000.00
Equitable Shares	294 079 000.00	314 649 000	329 245 000.00
Demarcation Transition Grant	2 282 000.00		
EPWP Grant	2 048 000.00	2 168 832.00	2 294 624.26
TOTAL	416 305 000.00	440 788 832	480 386 624.26

2.2. CASH FLOW PROJECTION

- Makhado Local Municipality projected to start the financial year with positive balance cash / cash equivalents and project an average collection rate for the coming financial year of 80-85%. Based on these assumptions the projected income for the year will exceed the projected expenditure.
- It is therefore important that the impact of increased expenditures for each service delivery area be carefully considered with the next budget cycle to ensure that each service remains financially sustainable over the medium term with the least impact on the communities.
- The adjustment budget will have significant effect on the service delivery targets and performance indicators of Council thus revision is required per department.

Projected cash flow is attached and suggests the projected cash flow surplus of R 30 June 2018 which will be mainly supported by the cash investment that will be rolled forward to 2017/2018 financial year.

- The average collection rate for main tariffs for the current financial year to date is 89%

- It is suggested that the proposed expenditure levels be reduced to maintain stability in payment of creditors within 30 days of receipt of invoice. Therefore the municipality will have to monitor its operational expenditure closely and safe as much as possible, curb all non-essential and non-service delivery expenditure and ensure that the budgeted collection rate is achieved to enable the municipality to function efficiently and deliver services to the community.
- It is recommended that the municipality's proposed operating and own funded capital budget is reduced for the time being and if the collection rate of 89% is proved to be achievable and maintainable, the surplus that may become available in the next 36 month period could then be utilized to motivate an increase in the own funded capital budget at the time when the municipality considers its adjustments budget.

2.3. Budget process and key stakeholder relations

31 August	<ul style="list-style-type: none"> • The Mayor tables at Council for approval the IDP and Budget Process Plan in terms of Section 21 of the Municipal Systems Act and Section 34 of the Municipal Finance Management Act.
September	<ul style="list-style-type: none"> • Distribution of the Council approved IDP and Budget Process Plan to all relevant stakeholders. • Strategic Planning Session to review the current strategic plan of the Municipality, review of past service delivery performance and determine future multiyear political priorities, KPAs, KPIs and Programmes.
October	<ul style="list-style-type: none"> • The Budget Office prepares an initial Medium Term Financial Forecast (MTFF) and indicates the likely level of resources to be available. • Public Consultation Process with the community, and other key stakeholders on service delivery performance for the prior year and current year-to-date. Share information on the political priorities and Programmes planned for the year/s ahead. Confirmation of ward based priority needs for the year/s ahead.
November	<ul style="list-style-type: none"> • Compile report on the needs for the year/s ahead obtained from the community and other key stakeholders. Prioritization process of community needs and projects

<p>December-January</p>	<ul style="list-style-type: none"> • Second Strategic IDP/Budget Workshops for Mayoral Committee members and Senior Management Team: outcomes <ul style="list-style-type: none"> ✓ IDP proposals and Budget alignment ✓ Agreement of any changes the Mayor should propose to the IDP for 2017/18. • Finalize the review of the Municipal Situational Analysis Chapter (Chapter 2) of the IDP. • Senior Management start reviewing the stage one IDP/Budget/SDBIP process input forms (IDP changes, capital project proposals, and operational budget growth requests).
<p>January</p> <p>February</p> <p>March</p>	<p>The Mayor tables at Council:</p> <ul style="list-style-type: none"> • the 2016/17 mid-year performance and budget assessment reports • Review of the draft mid-year performance and budget monitoring reports. • The 2015/16 Annual Report • Agreement of the draft 2016/17 Adjustments Budget Report to be tabled at Council • Executive Management Team meets to: <ul style="list-style-type: none"> ✓ prepare for Strategic IDP/Budget/SDBIP Workshop ✓ discuss the draft 2017/2018 IDP inputs ✓ discuss the 2017/2018 budget proposals <p>Third Strategic IDP/Budget Workshop for Mayoral Committee members and Senior Management Team: outcomes</p> <ul style="list-style-type: none"> • Agreement of the proposed changes to be made to the IDP to be included in the March Council Report. • Agreement of the 2017/18 budget proposals to be included in the March Council Budget Report. <p>The IDP, Budget Report, and draft SDBIP tabled at all relevant Portfolio Committees and Mayoral Committee prior to tabling at Council.</p> <p>The Executive Mayor tables the Municipality's Draft 2017/18 Budget Report and IDP at Council.</p>

April	<p>Statutory public participation process undertaken on the tabled Draft IDP and Budget for 2016/17. Council obtains the views of the local community, National Treasury, Provincial Treasury, other district, provincial and national organs of state and municipalities.</p> <p>Finalization of 2017/2018 SDBIP.</p> <p>The IDP, Budget Report, and draft SDBIP tabled at all relevant Portfolio Committees and Mayoral Committee prior to tabling at Council.</p> <p>The Executive Mayor tables the Municipality's 2017/18 Budget Report, IDP, and draft SDBIP at Council for final approval on 31 May 2017.</p> <p>The IDP and Budget Reports are placed on the municipality's website and sent to National and Provincial Treasuries.</p>
June	<p>The Executive Mayor must agree and approve the 2017/2018 SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with section 57(2) of the Municipal Systems Act. The Executive Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The Executive Mayor submits the approved 2017/2018 SDBIP and performance agreements to Council, MEC for local government, and makes it public within 14 days after approval.</p>

Special Council Meeting Executive mayor tables budget (pre-community consultation) to Council

- Draft Budget Made available on the municipality's website, municipal offices and notice placed in all major newspapers informing members of the public about the draft budget and inviting written submissions/representations.
- Budget discussions Ward committees/Stakeholders.
- Community consultation to present and discuss the draft budget proposals
- and receive inputs/ submissions/comment
- Closing of Public and internal Submissions to close on end of Mid - April 2017.
- Special Council Meeting Mayor delivers budget speech and submits final budget to Council for consideration and approval.

Process to record and integrate inputs from the community

- After consideration of all budget submissions the Executive Mayor must be given the opportunity to respond, if necessary revise the budget and table amendments for consideration.
- To ensure that all community inputs are recorded and integrated, throughout the consultation period, a system were initiated to ensure that:
- All written submissions were required to be directed to the main municipal offices for further reprocessing department, who would maintain a record of lodgments and direct submissions to the appropriate department for comment and recommendation.
- All verbal questions at community consultation meetings would be recorded, together with the answer provided at the meeting or referred an appropriate representative to the appropriate department for comment and recommendation.
- Where possible, the submissions and presentations received during the community consultation process and additional information regarding revenue and expenditure will be addressed before tabling of the final budget.

SDBIP

The SDBIP document is at final preparation stage taking into considerations provisions of the MFMA

Audit committee

An audit committee has been established in terms of the MFMA

Public:

All applicable By-laws to be adopted and the annual budget will be published in the municipal website.

Provincial Treasury

A copy of the Final budget will be submitted to National Treasury

National Treasury

A copy of the Final budget will be submitted to National Treasury

2.4. Recommendations (administrative management)

- 2.4.1. THAT the Final Capital and Operational Estimates for the 2017/2018 financial year as more fully recorded in Annexure A attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the final Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003, and the Regulations promulgated in terms thereof.
- 2.4.2. THAT the following 2017/2018 budget related policies be approved as more fully set out in Annexures 1 to Annexure 18 attached to the report in this regard-

Policies

- 2.4.1. Virement Policy
 - 2.4.2. Credit Control and Debt Collection Policy
 - 2.4.3. Tariff policy free basic services/indigent policy
 - 2.4.4. Borrowing policy
 - 2.4.5. Expenditure Management Policy
 - 2.4.6. Funding and Reserves Policy
 - 2.4.7. Budget Policy
 - 2.4.8. Framework for cash flow management
 - 2.4.9. Asset management policy
 - 2.4.10. Investment Policy
 - 2.4.11. Subsidy for indigent household policy
 - 2.4.12. Uniform Credit Control Policy
 - 2.4.13. Debt written off policy
 - 2.4.14. Property Rates Policy
 - 2.4.15. Property Rates By-Law
 - 2.4.16. Supply Chain Management Policy
 - 2.4.17. Revenue Management Policy
 - 2.4.18. Travel and Subsistence Policy
 - 2.4.19. Acquisition and use of Cellular phones Policy
 - 2.4.20. Petty cash policy
 - 2.4.21. Transport allowance policy
- 2.4.3. THAT note be taken of any amendments to the contents of the Property Rates By-law, of which the necessary promulgations provisions related to municipal property rates will be undertaken after public consultation thereof.

- 2.4.4. THAT it be noted that the 2017/2018 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury.
- 2.4.5. Final 2017/2018 tariff listing for municipal service be approved as attached in annexure C

PART 3 – ANNUAL BUDGET TABLES

C1	CAPEX detailed breakdown of projects listing	
A1	Budget Summary	
A3	Budgeted Financial Performance (revenue and expenditure by municipal vote)	
A4	Budgeted Financial Performance (revenue and expenditure)	
A5	Budgeted Capital Expenditure by vote, standard classification and funding	
A6	Budgeted Financial Position	
SA 30	Budgeted Cash Flows	
A7	Budgeted Cash Flows	

MAKHADO MUNICIPALITY**SUMMARISED FINAL ANNUAL CAPITAL BUDGET FOR 2017/2018 TO 2019/2020 FINANCIAL YEAR**

DEPARTMENT	2017/2018	2018/2019	2019/2020
Planning and Development	2 370 000.00	2 250 000.00	2 000 000.00
Technical Services	149 937 775.00	198 144 800.00	194 859 000.00
Community Services	2 380 000.00	930 000.00	3 230 000.00
Budget and Treasury	4 350 000.00	2 500 000.00	2 500 000.00
Corporate Services	4 210 000.00	2 545 000.00	2 242 000.00
Regional Offices	510 000.00	-	-
TOTAL	163 757 775.00	206 369 800.00	204 831 000.00

Source of funding

MIG	88 889 775.00	94 579 800.00	99 809 000.00
INEP	25 000 000.00	25 000 000.00	45 000 000.00
Demarcation Grant	500 000.00		
Income	49 368 000.00	86 790 000.00	60 022 000.00
Total funding	163 757 775.00	206 369 800.00	204 831 000.00

FINAL ANNUAL CAPITAL BUDGET 2017/2018 TO 2019/2020 FINANCIAL YEAR
TECHNICAL SERVICES DEPARTMENT

DESCRIPTION	MOTIVATION	SOURCES	2017/2018	2018/2019	2019/2020
New Air conditioners	New conditioner	INCOME	200 000.00		
Replacement Air conditioners	Replacement of faulty air conditioner	INCOME	330 000.00	330 000.00	400 000.00
Car ports	Under cover parking for electrical staff's cars at the workshop	INCOME		100 000.00	100 000.00
CT VT Units 11kv & 22kV	Ct VT's (replace indoor incomer CT/VT's central sub). For main line KWH recordings.	INCOME	750 000.00	500 000.00	400 000.00
Incomer intake point Eskom Substation	Additional intake point due to growing load	INCOME		¹ 500 000.00	500 000.00
Low voltage problems Rural Farming	Continuous update of LV network to MV Network in compliance to NRS as well as for loss control and revenue enhancement.	INCOME	R 1 500 000.00	¹ 000 000.00	¹ 000 000.00
Mini Subs	For new developments on network and emergency replacements	INCOME		¹ 300 000.00	¹ 300 000.00
MV Cable 70mm ² 11kV - urban network	Strengthening of urban network for low voltage due to future expected capacity, current cables have too many joints and weak point and entire cable lengths need to be replaced	INCOME	R 1 000 000.00	800 000.00	800 000.00
MV cable 95mm ² 22kV	Ring feed to Makhado Crossing, and for general maintenance of 22kV cabling in sub stations.	INCOME		¹ 400 000.00	350 000.00
Recloser and controllers whole network	Safe MV Operations - Whole network	INCOME	R 1 500 000.00	¹ 500 000.00	¹ 500 000.00
Re-design, grading & coordination of all protection circuits on fault levels - total network	Protection systems have been found malfunctioning many times, network extensions requires a re-examination of all protection settings, grading and coordination for effective power supply	INCOME		¹ 000 000.00	-

Replace Line protection control Panel complete Makhado Sub	The existing protection relays are not available anymore and the grading is not accurate anymore and can malfunction. Nuisance tripping occurs on a secondary fault that leave the entire town off.	INCOME		1 000 000.00	-
Ring Main Units 11kV (RMU)	For new developments on Urban network and replacement of old oil switches with new type premsets.	INCOME	R 3 948 000.00	3 000 000.00	4 000 000.00
Standby quarters additional rooms	Two additional rooms for streetlight attendants, assistants and senior staff on standby 10000l tank 400m 50mm pvc pipe 1 x stor room 5 x car ports	INCOME	R 350 000.00	-	
Standby quarters furnitures and appliances	chairs beds mattresses tv dstv refrigerator industrial cooking stove lockers living are table and chairs	INCOME	R 150 000.00	-	
Sub Station battery chargers	2 x for Subs protection central sub one spare for emmergency purposes	INCOME	R 300 000.00	300 000.00	-
Transformers 2x10MVA 22/11	Strengthening URBAN Network (ext 9 development)	INCOME		4 000 000.00	5 000 000.00
Transformers 2x5MVA 22/11	Strengthening URBAN Network Firm 5MVA supply Eltivillas	INCOME		2 000 000.00	3 000 000.00
Transformers 1x5MVA 22/11	Strengthening URBAN Network Cricket club sub, Nilatouch development	INCOME	R 0.00	200000 0.00	
Upgrade Lev1	Replace all wooden poles with concrete poles and new type insulators - water supply security and to supply Nandoni pump station no1	INCOME		2 000 000.00	2 000 000.00
Upgrade Levubu 2 line	Recapitalisation	INCOME		200 000.00	200 000.00
Upgrade Mara Line	Recapitalisation preventative maintenance	INCOME	R 300 000.00	300 000.00	300 000.00
Shefeera Line-Re-route line PH1	Reroute shefeera line out of mountain and plantations next to witflag road from sub statioin	INCOME	R 0.00	1 500 000.00	1 500 000.00
Upgrade Tshipise line	General upgrade of whole line.	INCOME			300

					000.00
Upgrade and reroute Beaufort West line	Reroute levubu Beaufort West feeder from sub to Mashau village and Sapekoe Mambedi. Relocate line out of Valdizia in the eskom area. Continuation of current project.	INCOME	R 500 000.00	500 000.00	-
Upgrade Urban Substations	Stubb, Emma, central, Boom Park & Roodewal. New 22/11kV switch gear and protection relays. Old ones absolute. Used as pares for other subs.	INCOME	R 4 000 000.00	5 000 000.00	6 000 000.00
Upgrading bulk supply Sinthimule	2.5MVA - 4MVA increased residential capacity	INCOME	R 3 000 000.00	-	-
Upgrading bulk supply Tshipise Leeudraai	4MVA - 6MVA Firm (Already over NMD)	INCOME		4 000 000.00	-
Upgrading bulk supply Tshithuni 2.5MVA	1MVA - 2.5MVA	INCOME	R 3 000 000.00	-	-
Upgrading Mountain line	Main Sub to Roodewal. 3rd town feeder. Replace conductor with bear. Replace poles - Ext 13 & Bush valley, continue with existing project	INCOME	R 3 000 000.00	500 000.00	
Replace OCB (out door circuit breakers - main sub station)	Replace Mountain and Levubu 1 Feeder Lines circuit breakers	INCOME	R 1 000 000.00	1 000 000.00	1 000 000.00
Transformer oil purification	All power transformers oil purification	INCOME		350 000.00	350 000.00
Service OCB's	Levubu & Beaufort and main Substations	INCOME	R 200 000.00	200 000.00	200 000.00
Transformer refurbishment	2 x 10MVA 66/22 at Levubu sub station, continuation from 2016/17	INCOME			
Voltage regulators tshipise	To regulate MV at Tshipise due to poor quality of supply	INCOME	R 2 500 000.00		
			R 27 528 000.00	37 280 000.00	30 200 000.00

DESCRIPTION	MOTIVATION	SOU RCE	2017/2	2018/2019	2019/2020
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		S	018		
Bush valley	New development proposed (Subject to the DoE)	INCOME		2 000 000.00	
Electrification in Eskom Areas top up from income	INEP Projects top up	INCOME	3 000 000.00	5 000 000.00	6 000 000.00
Eltivillas Extension	To completed Eltivillas new extension (subject to DoE)	INCOME		300 000.00	300 000.00
Extension 8	New development proposed (Subject to the DoE)	INCOME		200 000.00	300 000.00
Extenuation 9 development	New development proposed (Subject to the DoE)	INCOME		10 000 000.00	500 000.00
Leeu street development Ext 13	New development proposed	INCOME		10 000 000.00	
Link and bulk services Ext 12 (38 erven)	New development proposed	INCOME		1 000 000.00	500 000.00
New offices at the Elect workshop	Designs of office building. Construction of additional offices for senior electrical staff. Architect and quantity surveyor costs	INCOME			2 500 000.00
Electrification, Post Connections & extensions Munic area	In all Municipal village networks	INCOME	3 000 000.00	4 000 000.00	5 000 000.00
South of Pretorius Str Bulk supply Engineering	New development proposed (Subject to the loan)	INCOME		2 500 000.00	500 000.00
			6 000 000.00	35 000 000.00	15 600 000.00

DESCRIPTION	MOTIVATION	SOURCES	2017/2018	2018/2019	2019/2020
Upgrading of Bulk Supply:Makhado main subs(Increase electricity	Addition of 22mva(from 44mva to 66 mva	INEP	10 910 500.00		
Rathidili Phase 2(construction phase)	628 connections- reduce	INEP	8 234 000.00		
Madabani phase2 (construction phase)	67 connections	INEP	1 038 500.00		
Maname phase2(construction phase)	54 connections	INEP	837 000.00		
Mavhunga phase2 (construction phase)	160 connections	INEP	2 480 000.00		
INEP PROJECTS		INEP		25 000 000.00	45 000 000.00
Electrification of Swongozwi Village		INEP	1 500 000.00		
			25 000 000.00	25 000 000.00	45 000 000.00

33

528
000.00

45
800 000.00

72 280 000.00

DESCRIPTION		SOURCES	2017/2018	2018/2019	2019/2020
PMU					
Sereni Themba to Mashamba post office access road 3		MIG	16 693 775.00		
Landfill site makhado		MIG	2 196 000.00	10 000 000.00	
Zamkomste Access Road		MIG	13 000 000.00	17 000 000.00	
Tshedza to Vuvha Access road.		MIG	14 000 000.00	18 000 000.00	
Mbhokota ,Gombita,Tshivhuyuni to Mphagi Road phase 2		MIG	14 000 000.00	18 961 800.00	10 000

					000.00
Valdezia access road phase 2		MIG	14 000 000.00		
Fencing of Makhado municipality cemetery		MIG	1 000 000.00		
Mudimeli Bridge and Access Road		MIG	10 000 000.00		
Waterval Sports Facility		MIG		14 000 000.00	
Access Road to New Landfill Site		MIG	500 000.00		
Erf 210 Burger Street market revitalization project		MIG	500 000.00	3 000 000.00	500 000.00 ²
Lutanandwa Bridge		MIG		750 000.00	
Wayeni bridge		MIG		750 000.00	
Upgrading Regional Offices		MIG		750 000.00	316 000.00 ⁸
Kutama Sinthumule Sports Facility		MIG		9 368 000.00	
Waterval Region refuse Transfer Station		MIG	1 000 000.00		
Waterval stormwater		MIG			10 000 000.00
Chavani to bungeni road phase 2		MIG			20 000 000.00
8 High Masts in all regions		MIG	2 000 000.00	2 000 000.00	10 000 000.00
Mingard bridge to mbokota ent.		MIG			6

					500 000.00
Rivoni to xihobyeni access road		MIG			493 000.00
Luvhalani to Dzananza access road		MIG			000 000.00
Tshivhuyuni sports facility		MIG			10 000 000
Sports centre makhado park and eltivillas		MIG			000 000.00
		MIG	88 889 775.00	94 579 800.00	809 000.00
			91 169 000.00	96 510 000.00	147 000.00

	(2	(2
PMU	279 225.00)	(1 930 200.00)
		338 000.00)

DESCRIPTION	MOTIVATION	SOURCES	2017/2018	2018/2019	2019/2020
Aerial working platform (cherry picker) 1 x 5 Ton truck 4 x 4	22 & 66 kV OHL maintenance and bush clearing	INCOME	-		-
Aerial working platform 3.5T (cherry picker) x 2	Street light maintenance. 1 x additional 1 x replacement (accident not replaced)	INCOME	-		-
Crane truck 1 x 7 Ton Truck with a crane 25T/m	Replace Nissan crane truck. Installation of transformers and planting of poles - (long delays, example ext 8)	INCOME			-

LDV DC 4 X 4	For 2 x rural, 1 x electrification, 1 x urban	INCOME		-	
Pole truck 1x7 Ton truck (half canopy+pole carrier)	Replace pole truck - Rural	INCOME			
2 x 2x4 LDV	1 x Rural & 1 x electrical workshop	INCOME			
1 x 2.5 s/c LDV	Electrification maintenancce in villages LV & MV	INCOME			
3Ton diesel truck	Electrification the current one is not running since 2015. It is to be used for maintenance materials deliveries.	INCOME			
			-	-	-

DESCRIPTION		SOURCES	2017/2018	2018/2019	2019/2020
1*Pedestrian Roller machine		INCOME	150 000.00	150 000.00	150 000.00
3 x tar Cutter machine		INCOME		350 000.00	-
3 x Jump stamp machine (elephant foot)		INCOME		-	200 000.00
3 x Trailers		INCOME	-	-	-

Mobile Tar sweeping machine		INCOME	400 000.00	-	400 000.00
Roads sign		INCOME	75 000.00	-	-
Trailer mounted 2000L tank with Fog Spray (weed killer		INCOME		700 000.00	-
Paving at four way stop (at least 6 four way stop per financial year)		INCOME	-	1 000 000.00	1 000 000.00
Culverts (450, 650, 750 and 950)		INCOME	200 000.00	200 000.00	200 000.00
			825 000.00	2 400 000.00	1 950 000.00

DESCRIPTION		SOURCES	2017/2018	2018/2019	2019/2020
Workshop steel structure		INCOME	-	800 000.00	-
Paving outside workshop(gate) parking		INCOME	-	-	-
2 LDV Bakkies		INCOME	-	-	-
1 Rollback 10ton		INCOME	-	-	

		ME			
Hand tools and toolbox		INCOME	20 000.00	20 000.00	-
			20 000.00	820 000.00	-

DESCRIPTION		SOURCES	2017/2018	2018/2019	2019/2020
4X Bakkie		INCOME		-	-
Power rod machine		INCOME		-	-
Fencing for reservoir and two boreholes(tshikota)		INCOME		-	-
Equipping boreholes		INCOME		-	-
Accommodation standby		INCOME		-	-
Dicing machine		INCOME		-	-
Elevated tank and separation of reticulation		INCOME		-	-

	-	-	-
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DESCRIPTION		SOURCES	2017/2018	2018/2019	2019/2020
Installation of fence (steel palisade and sliding gates) at Vleiforntein Hall& office		INCOME	200 000.00	-	-
Refurbishment of electrical stores and ware house		INCOME	-	500 000.00	300 000.00
Upgrading's of offices at Technical workshop		INCOME	-	500 000.00	-
Construction of pay point at Zamekomste		INCOME	200 000.00	-	-
Concrete mixer		INCOME	-	65 000.00	-
Trailer		INCOME	-	-	-
Hand tools		INCOME	-	-	-
Road marking machine		INCOME	300 000.00	-	-
Floor cutter		INCOME	15 000.00	-	-

02 X Open bakkie 1ton with canopy, rubberised with bulbar and tow bar.		INCOME	-	-	-
Fencing of N1 park with concrete palisade			400 000.00	-	
Designs New Council Chamber and offices-DTS		INCOME (DTS)	560 000.00	2 000 000.00	2 000 000.00
			1 675 000.00	3 065 000.00	2 300 000.00
			149	198	194
			937	144	859
Total budget			775.00	800.00	000.00

COMMUNITY SERVICES DEPARTMENT

LIBRARY SERVICES					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Extension of Library buildings	INCOME	-	50 000.00	50 000.00
TOTAL			-	50 000.00	50 000.00

PARKS AND RECREATION SECTION					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Development E60 Park(Makhado Town)	INCOME		-	-
SC	Development of Dzanani Park	INCOME		-	500 000.00
SC	Development of Waterval Park	INCOME		-	500 000.00
SC	Development of Vleifontein Park	INCOME	-	500 000.00	-
SC	Furniture for Makhado Parks	INCOME	200 000.00		-
TOTAL			200 000.00	500 000.00	1 000 000.00

WASTE MANAGEMENT					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	25 Skip Bins	INCOME	250 000.00	-	800 000.00
SC	500 x 240L Wheelie bins	INCOME		-	500 000.00

SC	Purchasing of 500 x 210L steel drums	INCOME	300 000.00	-	-
SC	Development of the new waste disposal cell (Moved to tech)	MIG	-	-	-
SC	Construction of Makhado Landfill site access road (From gravel to tired road)	MIG	-	-	-
SC	Development of vehicle washing bay at Makhado Landfill site	INCOME	-	-	-
SC	Purchasing of 10 m3 tipper truck	INCOME	-	-	-
SC	Purchasing of 16 ton Skip loader truck	INCOME	-	-	-
SC	Purchasing of 22.2 m3 refuse compactor truck	INCOME	-	-	-
SC	Purchasing of 10 ton truck eqiped with cage	INCOME	-	-	-
SC	Purchasing of LDV vehicle with canopy	INCOME	-	-	-
SC	Purchasing of fuel bowser (To be provided by the appointed SP)	INCOME	-	-	-
TOTAL			550 000.00	-	1 300 000.00

DZANANI TRAFFIC STATION					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Upgrading of Vehicle Testing station (Grade B to A)	INCOME	500 000.00	200 000.00	-
SC	Carport for employees (Bricks and Zinc Structure)	INCOME	150 000.00	-	-
SC	Special Garage Roller Door for VTS and 2x 30m long chains	INCOME	80 000.00	80 000.00	80 000.00
TOTAL			730 000.00	280 000.00	80 000.00

MAKHADO TRAFFIC STATION					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Upgrading DLTC (of testing ground)	INCOME	-	-	-
SC	Construction of Admin Block (Testing Ground)	INCOME	-	-	-
SC	Purchase of 15 X portable radios and 2 X Base radios	INCOME	-	-	-
SC	Parking Facilities	INCOME	-	-	-
SC	Construction of filing / Archive centre for sensitive documents	INCOME	-	-	-
SC	Purchase of 2 X Computers & Printer for traffic administration	INCOME	-	-	-
SC	Installation of 1 X Airconditioner at Information Centre / Helpdesk	INCOME	-	-	-
SC	Purchasing of Speed machine	INCOME	-	-	-
SC	1 X Information Centre / Helpdesk colour Photo Copier	INCOME	-	-	-
SC	Purchase of 3 X Patrol Sedan vehicles	INCOME	-	-	-
SC	Purchase of 5 X High-back chairs for Cashiers	INCOME	-	-	-
SC	Construction of cattle pound storage room	INCOME	-	-	-
SC	Purchasing of 1 x printer for pound section	INCOME	-	-	-
SC	Renovation of the existing cattle pound Structure	INCOME	-	-	-
SC	Borehole ,Stand and Tank at Testing Ground	INCOME	100 000.00	100 000.00	100 000.00
TOTAL			100 000.00	100 000.00	100 000.00

WATERVAL TRAFFIC STATION					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Establishment of Watervaal Registering Authority (Moved to opex)	INCOME	-	-	
SC	Borehole ,Stand and Tank	INCOME	100 000.00		100 000.00
SC	Purchasing of 1 x sedan and 1 x LDV patrol vehicles	INCOME			
SC	Paving and parking area	INCOME	-	-	-
SC	Installation of prescribed security cubicles	INCOME	350 000.00		350 000.00
SC	20 X Learners License chairs and Desks	INCOME			
SC	4 X Money boxes for Cashiers	INCOME			
SC	2 X Cashiers High-back chairs	INCOME			
SC	Standby (backup)Electricity power Generator	INCOME	350 000.00		250000
TOTAL			800 000.00	-	700 000.00

DISASTER MANAGEMENT					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Fax Machine (New)	INCOME			
SC	Office furniture X 3 Offices & Board Room (New)	INCOME			
SC	Tents	INCOME			
TOTAL			-	-	-

ENVIRONMETAL HEALTH					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Removal and Disposal of Health Care Risk Waste (HCRW)-OPEX 700K	INCOME			
TOTAL			-	-	-

FINAL ANNUAL CAPITAL BUDGET 2017/2018 TO 2019/2020 FINANCIAL YEAR
REGIONAL OFFICES

DZANANI REGIONAL OFFICE							
CODE	DEPT	ITEM	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
			Fencing of Dzanani regional office yard	Income	250 000.00		
			Carport	Income	100 000.00		
			Guardroom at musekwa Thusong service centre	Income	100 000.00		
			Tractor slasher machine complete		60 000.00		-
TOTAL					510 000.00	-	-

TOTAL REGIONAL OFFICES BUDGET

510 000.00	-	-
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**FINAL ANNUAL CAPITAL BUDGET 2017/2018 TO 2019/2020 FINANCIAL YEAR
BUDGET AND TREASURY**

ASSETS MANAGEMENT SECTION							
CODE	DEPT	ITEM	DESCRIPTION	SOURCES	2016/2017	2017/2018	2018/2019
			Vehicles + Graders	INCOME	4 000 000.00	2 500 000.00	2 500 000.00

			Furniture	INCOME	350 000.00		
TOTAL					4 350 000.00	2 500 000.00	2 500 000.00

**TOTAL BUDGET AND TREASURY
BUDGET**

4 350 000.00	2 500 000.00	2 500 000.00
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FINAL ANNUAL CAPITAL BUDGET 2017/2018 TO 2019/2020 FINANCIAL YEAR
PLANNING AND DEVELOPMENT

LED					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Dzanani Traders Market	INCOME	500 000.00	200 000.00	-
SC	Tshakhuma fruit market	INCOME			
SC	Arts and Craft centre designs	INCOME		500 000.00	2 000 000.00
SC	Designs/planning for N1 tourism park	INCOME	200 000.00		-
SC	Incubation centre	INCOME		500 000.00	
TOTAL			700 000.00	1 200 000.00	2 000 000.00

CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Ext 13 Survey (Eskom transmission line)	INCOME	800 000.00	-	-
TOTAL			800 000.00	-	-

SURVEY					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	GPS-Geographical Positioning System with survey equipments such as the tripod, 2 slashes and 2 picks	INCOME	200 000.00	-	-
TOTAL			200 000.00	-	-

BUILDING CONTROL					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	New building construction X 40 Parking bays -DTS MOVE	INCOME	400 000.00	400 000.00	-
SC	Relocation of sport facilities	INCOME	-	-	-

SC	Landscaping, outdoor chairs and table and refuse bins behind new offices.	INCOME		200 000.00	-
SC	Store room for Town Planning files and general items	INCOME	-	200 000.00	-
SC	New lift for civic centre main building	INCOME	250 000.00	-	-
SC	Civic centre main building renovations	INCOME	-	250 000.00	-
SC	Fire plan design for civic centre main building	INCOME	20 000.00	-	-
TOTAL			670 000.00	1 050 000.00	-

Total budget

2 370 000.00 2 250 000.00 2 000 000.00

FINAL ANNUAL CAPITAL BUDGET 2017/2018 TO 2019/2020 FINANCIAL YEAR
CORPORATE SERVICES DEPARTMENT

UPGRADE AND ACQUISITION OF NETWORK AND COMMUNICATION SYSTEMS - ICT					
CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Sage/VIP ESS Software for Employee Self Service Leave Applications	INCOME		700 000.00	220 000.00
SC	Sage/VIP Overtime Management System Module	INCOME	300 000.00	-	-
SC	Computerized Attendance Register System for two entries with multiple points	INCOME	-	-	800 000.00
SC	Upgrade Software: Office 2010 to Office 365 - all users	INCOME	-	800 000.00	200 000.00
SC	Procure Software MS Projects for 10 users	INCOME	300 000.00	-	-
SC	Knowledge Management Framework & Master plan - develop & implement	INCOME	-	200 000.00	215 000.00
SC	Procure 8 hard drives for storage server to complete storage capacity	INCOME	-	250 000.00	-
SC	Procure 8 lockable cabinets for hubs in civic center	INCOME	60 000.00	-	-
SC	Develop Electricity Control Center - software phase 1	INCOME	-	365 000.00	67 000.00
SC	Corporate Governance of ICT Project	INCOME	100 000.00	220 000.00	240 000.00
	ICT Strategic plan	INCOME	500 000.00		
	Automation call center	INCOME	300 000.00		
SC	Computer networks new councilor office block	INCOME	-	-	250 000.00
SC	Computer networks new Council Chamber	INCOME	-	-	250 000.00
SC	Electronic agenda 10 Councilors + 20 officials- Portal for transmitting data	INCOME	350 000.00	-	-
SC	Electronic agenda - add 65 councilors users	INCOME	-	10 000.00	-
SC	Internet connection at Vleyfontein Satellite office	INCOME	15 000.00	-	-
SC	Connectivity to nine (9) POS (previous VDM Shared Services cancelled)	INCOME	270 000.00	-	-

SC	Internet connection at Musekwa Thusong Center for Public Library	INCOME	215 000.00	-	-
TOTAL			2 410 000.00	2 545 000.00	2 242 000.00

ICT EQUIPMENT

SC	Computer and IT related office equipment all departments	INCOME	800 000.00		
			800 000.00	-	-

RECORDS MANAGEMENT

CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	Filing System/Index- OPEX	INCOME	500 000.00	-	-
SC	Filing System/Index- OPEX	Dermacaton Grant	500 000.00	-	-
TOTAL			1 000 000.00	-	-

CODE	DESCRIPTION	SOURCES	2017/2018	2018/2019	2019/2020
SC	New Coucil Chamber and Ancillary Amenities	INCOME	-	-	-
			-	-	-

GRAND TOTAL

4 210 000.00	2 545 000.00	2 242 000.00
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LIM344 Makhado - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

[illegible]

LIM344 Makhado - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - EXECUTIVE AND COUNCIL	122 235	142 449	144 990	89 921	142 313	142 313	-	88 890	94 580	99 809
Vote 2 - WASTE MANAGEMENT	-	-	2 369	-	-	-	-	-	-	-
Vote 3 - ROADS TRANSPORT	-	-	26	-	-	-	-	-	-	-
Vote 4 - WATER	-	-	-	-	-	-	-	-	-	-
Vote 5 - ELECTRICITY	-	-	16 322	37 050	43 508	43 508	-	53 616	103 665	95 050
Vote 6 - CORPORATE SERVICES	-	-	545	2 555	2 555	2 555	-	4 210	2 445	2 242
Vote 7 - PLANNING AND DEVELOPMENT	-	-	1 086	1 560	1 560	1 560	-	9 802	2 250	2 000
Vote 8 - COMMUNITY AND SOCIAL SERVICES	-	-	-	6 370	5 667	5 667	-	2 380	930	3 230
Vote 9 - HOUSING	-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORTS AND RECREATION	-	-	962	-	-	-	-	-	-	-
Vote 11 - BUDGET AND TREASURY	-	-	750	2 800	3 503	3 503	-	4 350	2 500	2 500
Vote 12 - OTHER	-	-	184	20	20	20	-	510	-	-
Vote 13 - ADD-ENTITY-ABBREVIATION	-	-	-	-	-	-	-	-	-	-
Vote 14 - ADD-ENTITY-ABBREVIATION	-	-	-	-	-	-	-	-	-	-
Vote 15 - ADD-ENTITY-ABBREVIATION	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	122 235	142 449	167 234	140 276	199 126	199 126	-	163 758	206 369	204 831
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	122 235	142 449	167 234	140 276	199 126	199 126	-	163 758	206 369	204 831
Capital Expenditure - Functional										
<i>Governance and administration</i>	4 836	7 575	18 537	-	-	-	-	4 350	2 500	2 500
Executive and council	4 324	7 575	18 537	-	-					
Finance and administration	-	-	-	-	-			4 350	2 500	2 500
Internal audit	512		-	-	-					
<i>Community and public safety</i>	865	-	-	17 880	18 800	18 800	-	2 380	930	3 230
Community and social services	865	-	-	17 880	18 800	18 800		2 380	930	3 230
Sport and recreation	-	-	-	-	-					
Public safety	-	-	-	-	-					
Housing	-	-	-	-	-					
Health	-	-	-	-	-					

LIM344 Makhado - Table A6 Consolidated Budgeted Financial Position										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS										
Current assets										
Cash	52 010	47 450	172 048	58 658	58 658	58 658	58 658	62 412	65 970	69 664
Call investment deposits	50 000	50 000	50 000	50 000	50 000	50 000	50 000	68 000	69 000	70 000
Consumer debtors	51 376	38 155	108 045	54 042	54 042	54 042	54 042	57 501	60 778	64 182
Other debtors	10 144	72 244	2 005	70 909	104 584	104 584	104 584	111 277	117 620	124 207
Current portion of long-term receivables	2 371	–	–	–	–					
Inventory	105 772	113 958	114 950	111 907	111 907	111 907	111 907	119 069	125 856	132 904
Total current assets	271 673	321 807	447 048	345 516	379 191	379 191	379 191	418 259	439 224	460 957
Non current assets										
Long-term receivables	–	–	–	–	–					
Investments	–	–	–	–	–					
Investment property	12 054	11 870	21 486	27 190	27 190	27 190	27 190	28 930	30 579	32 292
Investment in Associate	–	–	–	–	–					
Property, plant and equipment	1 789 758	1 776 162	1 872 117	2 130 486	2 130 486	2 130 486	2 130 486	2 266 837	2 396 047	2 530 225
Agricultural	–	–	–	–	–					
Biological	–	–	–	–	–					
Intangible	544	1 532	1 531	1 152	1 152	1 152	1 152	1 226	1 296	1 368
Other non-current assets	1 052	1 566	–	–	–					
Total non current assets	1 803 408	1 791 130	1 895 134	2 158 828	2 158 828	2 158 828	2 158 828	2 296 993	2 427 922	2 563 885
TOTAL ASSETS	2 075 081	2 112 937	2 342 182	2 504 344	2 538 019	2 538 019	2 538 019	2 715 252	2 867 146	3 024 842
LIABILITIES										
Current liabilities										
Bank overdraft	–	–	–	–	–					
Borrowing	1 195	1 304	1 304	1 346	1 346	1 346	1 346	1 432	1 514	1 599
Consumer deposits	11 502	13 702	–	–	–					
Trade and other payables	177 758	154 358	155 293	88 691	88 691	88 691	88 691	94 367	99 746	105 332
Provisions	–	–	–	–	–					
Total current liabilities	190 455	169 364	156 597	90 037	90 037	90 037	90 037	95 799	101 260	106 930

LIM344 Makhado - Table A1 Consolidated Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	19 633	31 756	45 252	46 247	45 400	45 400	35 940	55 915	51 511	62 412
Service charges	238 002	254 447	274 876	314 562	314 562	314 562	184 221	327 451	333 989	340 663
Investment revenue	2 045	3 720	3 520	4 035	4 035	4 035	2 543	5 331	5 634	5 950
Transfers recognised - operational	262 490	291 873	363 595	291 230	305 850	305 850	224 449	300 109	318 518	333 240
Other own revenue	38 407	32 311	23 091	33 448	57 110	57 110	19 541	114 449	125 225	128 729
Total Revenue (excluding capital transfers and contributions)	560 577	614 107	710 334	689 522	726 957	726 957	466 694	803 254	834 878	870 994
Employee costs	198 567	212 743	227 595	262 055	273 055	273 055	165 928	282 794	282 965	299 725
Remuneration of councillors	20 782	21 799	22 592	26 722	25 947	25 947	15 836	25 958	25 973	27 480
Depreciation & asset impairment	104 243	106 351	105 979	125 678	125 678	125 678	–	95 872	127 384	127 384
Finance charges	5 310	10 896	2 999	7 527	13 365	13 365	748	12 720	12 932	13 152
Materials and bulk purchases	157 754	183 246	194 178	245 142	243 842	243 842	71 049	212 748	256 109	279 523
Transfers and grants	–	–	–	–	–	–	–	–	–	–

Other expenditure	168 391	175 792	228 136	179 126	235 819	235 819	140 007	211 408	217 974	223 668
Total Expenditure	655 047	710 827	781 478	846 250	917 706	917 706	393 568	841 501	923 337	970 932
Surplus/(Deficit)	(94 470)	(96 720)	(71 144)	(156 728)	(190 749)	(190 749)	73 126	(38 247)	(88 460)	(99 938)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	110 876	154 981	137 132	101 346	152 818	152 818	40 586	116 196	121 510	147 147
Contributions recognised - capital & contributed assets	–	–	–	58 000	58 000	58 000	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	16 406	58 261	65 988	2 618	20 069	20 069	113 712	77 949	33 050	47 209
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	16 406	58 261	65 988	2 618	20 069	20 069	113 712	77 949	33 050	47 209
<u>Capital expenditure & funds sources</u>										
Capital expenditure	122 235	142 449	167 234	140 276	199 126	199 126	–	163 757	206 369	204 831
Transfers recognised - capital	110 876	136 402	137 132	101 346	152 818	152 818	–	114 390	119 579	144 809
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	11 359	6 047	30 102	38 930	46 308	46 308	–	49 367	86 790	60 022
Total sources of capital funds	122 235	142 449	167 234	140 276	199 126	199 126	–	163 757	206 369	204 831
<u>Financial position</u>										
Total current assets	271 673	321 807	447 048	345 516	379 191	379 191	379 191	418 259	439 224	460 957
Total non current assets	1 803 408	1 791 130	1 895 134	2 158 828	2 158 828	2 158 828	2 158 828	2 296 993	2 427 922	2 563 885
Total current liabilities	190 455	169 364	156 597	90 037	90 037	90 037	90 037	95 799	101 260	106 930

Total non current liabilities	108 977	117 933	121 912	124 151	124 151	124 151	124 151	132 097	139 626	147 445
Community wealth/Equity	1 725 650	1 775 639	2 013 673	2 290 156	2 323 831	2 323 831	2 323 831	2 487 356	2 626 259	2 770 466
<u>Cash flows</u>										
Net cash from (used) operating	149 718	139 042	305 651	121 619	121 619	121 619	70 945	183 821	160 434	174 593
Net cash from (used) investing	(104 797)	(142 449)	(167 234)	(140 276)	(140 276)	199 126	56 474	(160 758)	(209 370)	(204 831)
Net cash from (used) financing	(3 215)	(1 300)	(3 093)	(1 800)	(1 800)	–	–	–	–	–
Cash/cash equivalents at the year end	52 010	47 450	250 230	44 161	44 161	320 745	127 419	138 981	90 046	59 807
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	102 010	97 450	222 048	108 658	108 658	108 658	108 658	130 412	134 970	139 664
Application of cash and investments	100 087	45 705	(132 623)	(44 638)	(71 312)	(71 312)	(73 708)	(69 757)	(73 584)	(77 624)
Balance - surplus (shortfall)	1 923	51 745	354 671	153 296	179 970	179 970	182 366	200 169	208 553	217 288
<u>Asset management</u>										
Asset register summary (WDV)	1 802 356	1 789 564	1 895 134	2 158 828	2 158 828	2 158 828	2 296 993	2 296 993	2 427 922	2 563 885
Depreciation	104 243	106 351	105 979	125 678	125 678	125 678	127 872	127 872	127 384	127 384
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	50 328	50 328	50 328	61 332	61 332	62 288	65 401
<u>Free services</u>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–

Revenue cost of free services provided	15 109	15 458	13 240	13 985	14 880	14 885	14 686	14 686	15 492	15 750
<u>Households below minimum service level</u>										
Water:	39	41	–	43	43	43	44	44	45	47
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	49	49	–	142	142	142	146	146	150	155

LIM344 Makhado - Table A1 Consolidated Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
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Property rates	19 633	31 756	45 252	46 247	45 400	45 400	35 940	55 915	51 511	62 412
Service charges	238 002	254 447	274 876	314 562	314 562	314 562	184 221	327 451	333 989	340 663
Investment revenue	2 045	3 720	3 520	4 035	4 035	4 035	2 543	5 331	5 634	5 950
Transfers recognised - operational	262 490	291 873	363 595	291 230	305 850	305 850	224 449	300 109	318 518	333 240
Other own revenue	38 407	32 311	23 091	33 448	57 110	57 110	19 541	114 449	125 225	128 729
	560 577	614 107	710 334	689 522	726 957	726 957	466 694	803 254	834 878	870 994
Total Revenue (excluding capital transfers and contributions)										
Employee costs	198 567	212 743	227 595	262 055	273 055	273 055	165 928	282 794	282 965	299 725
Remuneration of councillors	20 782	21 799	22 592	26 722	25 947	25 947	15 836	25 958	25 973	27 480
Depreciation & asset impairment	104 243	106 351	105 979	125 678	125 678	125 678	-	95 872	127 384	127 384
Finance charges	5 310	10 896	2 999	7 527	13 365	13 365	748	12 720	12 932	13 152
Materials and bulk purchases	157 754	183 246	194 178	245 142	243 842	243 842	71 049	212 748	256 109	279 523
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	168 391	175 792	228 136	179 126	235 819	235 819	140 007	211 408	217 974	223 668
Total Expenditure	655 047	710 827	781 478	846 250	917 706	917 706	393 568	841 501	923 337	970 932
Surplus/(Deficit)	(94 470)	(96 720)	(71 144)	(156 728)	(190 749)	(190 749)	73 126	(38 247)	(88 460)	(99 938)
Transfers and subsidies - capital (monetary & non-monetary)	110 876	154 981	137 132	101 346	152 818	152 818	40 586	116 196	121 510	147 147
Contributions recognised - capital & contributions	-	-	-	58 000	58 000	58 000	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	16 406	58 261	65 988	2 618	20 069	20 069	113 712	77 949	33 050	47 209
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	37
Surplus/(Deficit) for the year	16 406	58 261	65 988	2 618	20 069	20 069	113 712	77 949	33 050	47 209
Capital expenditure & funds sources										
Capital expenditure	122 235	142 449	167 234	140 276	199 126	199 126	-	163 757	206 369	204 831
Transfers recognised - capital	163 274	181 423	197 123	181 244	173 812	173 812	111 063	221 233	221 755	241 233